



## **News Release**

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### **Intermountain Power Agency Reports Solid Operating Results at Annual Meeting**

SALT LAKE CITY – Elected officials and municipal power administrators from across Utah heard an encouraging report Tuesday about the status of the Intermountain Power Project.

Gathered at the Intermountain Power Agency's annual meeting in Salt Lake City, attendees heard reports of industry-leading operating results and outstanding financial stability. "Despite the turbulent environment that surrounds electric utilities today, IPA's financial course remains steady," said Ray Farrell, Chairman of the Board of IPA. "The Intermountain Power Project has created a legacy of solid performance. Through dedicated employees, committed Project participants and purchasers, and supportive communities, a unique energy resource is benefiting wide areas of the American West."

The Project, commonly known as IPP, consists of a 1,680-megawatt coal-fired generating station located in Millard County north of Delta, a 500-kilovolt direct current transmission line extending 490 miles to California, other transmission lines within the state of Utah, a railcar service center, and investments in coal mining properties in Utah. The project became operational in 1987, providing electricity to 36 participant utilities in Utah and California – all but one of which are consumer owned.

Fiscal 2002 saw no changes in bond ratings and IPA's weighted average borrowing cost continued its multi-year decline, decreasing from 5.18 percent to 4.77 percent. Operating revenues decreased \$50 million compared to 2001. The decrease is favorable because it reflects a declining unit cost of power to purchasers.

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During fiscal 2002, IPA issued \$96 million of refunding bonds. Proceeds from the bond issuance were used in the refunding of \$110 million of previously issued bonds payable. The refunding produced gross debt service savings of \$17 million over the next 19 years.

Additionally, \$14 million of bonds payable were defeased and \$187 million of scheduled principal maturities were paid during 2002.

Operationally, the IPP generating station continued to perform at peak levels that have been consistently maintained for more than five years. Highlights include:

- Gross Generation of 13,995 gigawatt-hours.
- Equivalent Availability of 93.25 percent.
- Coal Usage of 5,340,000 tons.
- Net Capacity Factor of 90.98 percent.
- Heat Rate of 9,536 BTUs per kilowatt-hour.

“IPP’s industry-leading performance record is consistently noticed across the nation – both for efficiency of operations and environmental responsibility,” said Reed T. Searle, General Manager of IPA. “In the August 2002 edition of *Power* magazine, the Intermountain Power Project was named to the “Honor Roll Class of 2002” for posting the third-lowest sulfur dioxide emissions rate for all coal-fired power plants in the nation. In the same *Power* magazine survey, IPP is ranked as the 23<sup>rd</sup> most efficient coal-fired power plant in the nation. IPP is one of only two power plants that rank in the top 25 for both efficiency and lowest SO<sub>2</sub> emissions.”

Looking forward, plans are under way to expand the generating capacity of the project. A new high pressure turbine was installed on Unit 2 during spring 2002. The same upgrade on Unit 1 is planned for spring 2003. Construction of an additional cooling tower commenced shortly after the close of the fiscal year and certain boiler modifications are planned. By spring 2004, both units will be upgraded to a gross capacity rating of 950 megawatts.

Additionally, a task force comprised of Intermountain Power Project participants and purchasers has been laying out plans that could lead to construction of a third 950-megawatt unit at the IPP site. If development of a third unit proceeds, it would be conducted by a new entity separate from Intermountain Power Agency. Agreements would be established between IPA and the new entity to ensure that joint operations are conducted efficiently, but without cross-subsidization. If constructed, the third unit would be a replica of Units 1 and 2 but would take advantage of technical improvements that have occurred in the last 20 years.

For more information about the Intermountain Power Agency, visit [www.ipautah.com](http://www.ipautah.com).